

Message Text

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44

ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

FEAE-00 OMB-01 STRE-00 /105 W
----- 001553

P 011634Z OCT 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1925

INFO AMEMBASSY OTTAWA PRIORITY

USMISSION EC BRUSSELS PRIORITY

USMISSION OECD PARIS PRIORITY

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ACTION STR

H PASS CODEL

OECD PARIS PLEASE PASS NEWKIRK

E.O. 11652: NA

TAGS: ETRD, MTN

SUBJECT: PROPOSED CANADIAN ACTION OR ORIGIN RULES

REF: STATE 242444

1. SUMMARY: CANADIANS, SEEING LITTLE TANGIBLE EVIDENCE
THAT BILATERAL APPROACH TO EC/EFTA/ORIGIN RULES (OR)
PROBLEMS WILL ACHIEVE SATISFACTORY RESULTS, ARE CONSID-
ERING PROPOSING MULTILATERAL APPROACH TO TOPIC IN MTN.
THIS IDEA IN PRELIMINARY STAGE AND NO DEFINITE PLANS
HAVE BEEN MADE. CANADA WILLING TO DISCUSS ISSUE WITH
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US BEFORE TAKING ANY INITIATIVE. END SUMMARY.

2. US MTN DEL (WALLAR) AND MISSION OFFICER (SPRUCE) MET WITH CANADIAN DEL (DENIS, MCCLEAN, GORE) OCTOBER 1 AND RAISED POINTS CONTAINED IN REFTEL. DENIS INDICATED CANADIANS DO NOT HAVE DEFINITE PROPOSAL IN MIND AT THIS STAGE ON HOW TO TREAT OR PROBLEM, BUT ARE OUTLINING POSSIBLE COURSES OF ACTION FOR OTTAWA'S CONSIDERATION.

3. BILATERAL APPROACH: IN CANADIAN VIEW A "REASONABLE TIME" (3 YEARS) HAS BEEN GIVEN FOR BILATERAL CONSULTATIONS UNDER GATT XXII TO PRODUCE RESULTS ON RESTRICTIVE EC/EFTA OR. OF COURSE, IF UNILATERAL LIBERALIZATION FORTHCOMING FROM EC, THEN RATIONALE IS WEAKENED FOR RAISING TOPIC IN MTN WHERE CANADA AND US WOULD BE CALLED UPON TO PROVIDE COMPENSATION. HOWEVER, CANADIAN DEL STATED THAT RECENT REPORTS FROM BRUSSELS INDICATE THAT NOW NEW ACTIONS ARE CONTEMPLATED BY EC IN THIS FIELD.

4. MULTILATERAL APPROACH: MULTILATERAL APPROACH TO OR PROBLEM, IN CANADIAN VIEW, MIGHT BE BETTER METHOD TO ACHIEVE PROGRESS, NOT ONLY BECAUSE BILATERAL ROUTE HAS PRODUCED FEW RESULTS, BUT ALSO BECAUSE PROLIFERATION OF EC PREFERENCE SCHEMES RAISES WIDER POLICY IMPLICATIONS OF OR. GATT WORKING PARTY OR MTN CUSTOMS MATTERS SUBGROUP ARE TWO POSSIBLE FORA WHERE TOPIC COULD BE DISCUSSED, ALTHOUGH, AS BOTH US AND CANADA RECALLED, ATTEMPT TO ESTABLISH FORMER HAD BEEN UNSUCCESSFUL. CANADA BELIEVES THAT OR ISSUE WOULD BALANCE WORK PROGRAM IN MTN CUSTOMS MATTERS SUBGROUP BY GIVING CANADA AND US, AMONG OTHERS, ISSUE TO GO AFTER EC'S RESTRICTIVE RULES. IN RESPONSE TO US QUERY (PARA. 2B REFTEL), DENIS STATED THAT CANADA NOT CONCERNED WITH DEVELOPING COUNTRIES RAISING ISSUE OF SPECIAL AND DIFFERENTIAL TREATMENT, A TOPIC THAT IS INEVITABLE IN ALL MTN GROUPS, OR GSP, AN AREA WHERE CANADA AND US OR ARE NOT LIKELY TO BE PRIMARY TARGETS.

5. TIMING: SINCE CANADA DEL ONLY MAKING PRELIMINARY INPUT TO OTTAWA ON THIS TOPIC, TIMING OF CANADIAN INITIAL OFFICIAL USE

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TIATIVE ON OR, IF ANY, IS NOT DEFINITE. CANADA DEL PLANS TO RECOMMEND THAT IF DECISION IS MADE BY OTTAWA TO TRY TO ADD TOPIC TO MTN, THAT PROPOSAL TO THAT EFFECT BE PRESENTED THIS FALL, PROBABLY AT DECEMBER MEETING OF NTM PARENT GROUP (THE PARENT GROUP WOULD ASSIGN TOPIC TO CUSTOMS MATTERS SUBGROUP). ANY FURTHER DELAY WOULD LIMIT THE POSSIBILITY OF MEANINGFUL NEGOTIATIONS WITHIN THE MTN TIME FRAME. CANADIANS ALSO OPINED THAT

EC MAY BE HOLDING OUT FALSE HOPE OF BILATERAL PROGRESS TO
RESTRAIN ATTEMPTS TO BRING TOPIC INTO MTN.

6. US STATED THAT CANADIAN VIEWS WOULD BE REPORTED TO
WASHINGTON AND THAT, GIVEN OUR COMMON INTERESTS ON OR
PROBLEMS, WE WISHED TO EXPLORE THESE IDEAS FURTHER. CANA-
DIANS, NOTING THEY HAD NOT RAISED POSSIBILITY OF MTN AP-
PROACH ON OR WITH OTHER DELS, AGREED TO CONSULT AGAIN BE-
FORE THEY DISCUSS ISSUE WITH OTHER DELS OR TAKE ANY INITIA-
TIVE ON TOPIC IN GENEVA.

7. COMMNET: ADDITION OF SEVERAL NEGOTIATING TOPICS BY
NTM PARENT GROUP HAS BEEN TIED UP ON QUESTION OF
HOW TO MAINTAIN BALANCED NTM WORK PROGRAM. THIS
CONUNDRUM MAY OFFER OPPORTUNITY FOR BLOCKING ADDI-
TION OF OR TO NTM WORK PROGRAM IF THAT IS DESIRED.
END COMMENT.CULBERT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, LESS DEVELOPED COUNTRIES, DIPLOMATIC DISCUSSIONS, TARIFF LIBERALIZATION, PREFERENTIAL TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MTNGE07716
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760370-1194
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761093/aaaadclcl.tel
Line Count: 132
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 242444
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2004 by ElyME>; APPROVED <02 APR 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED CANADIAN ACTION OR ORIGIN RULES
TAGS: ETRD, US, CA, MTN, EEC, EFTA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006